

June 5, 2020

Factsheet: Delivery of appraisals

This factsheet explains the delivery requirements for appraisals under the Equal Credit Opportunity Act (ECOA) Valuations Rule (Rule) and addresses questions the Bureau has received since it went into effect. In 2013, the Bureau published the Rule, which amended Regulation B to require creditors to provide applicants free copies of *all* appraisals and other written valuations developed in connection with an application for credit secured by a first lien on a dwelling and to notify applicants of their right to receive copies of appraisals within three business days.

The Rule guarantees that applicants receive important information about the value of their homes in a mortgage transaction and generally requires creditors to:

- provide applicants with copies of all appraisals and other written valuations developed in connection with an application for credit secured by a first lien on a dwelling. 12 CFR § 1002.14(a)(1); and
- notify applicants in writing of their right to receive copies of all appraisals and written valuations developed in connection with their application within three business days of receipt of an application. 12 CFR § 1002.14(a)(2).

This is a Compliance Aid issued by the CFPB. The Bureau published a Policy Statement on Compliance Aids, available at <https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/policy-statement-compliance-aids/>, that explains the Bureau's approach to Compliance Aids.

The factsheet utilizes illustrations to explain the first component of the Rule, i.e., providing applicants prompt delivery of copies of all appraisals, by describing what is and is not prompt delivery according to § 1002.14(a)(1). The first section discusses the three delivery methods and their relevant timing requirements, and the second section discusses the conditions under which a waiver may be obtained to offset these timing requirements.

Delivery method and timing

The Rule requires that creditors *provide* copies of the appraisals and other written valuations to the applicants *promptly upon completion* or no later than three business days before consummation or account opening, whichever is earlier. Comment 14(a)(1)-4.

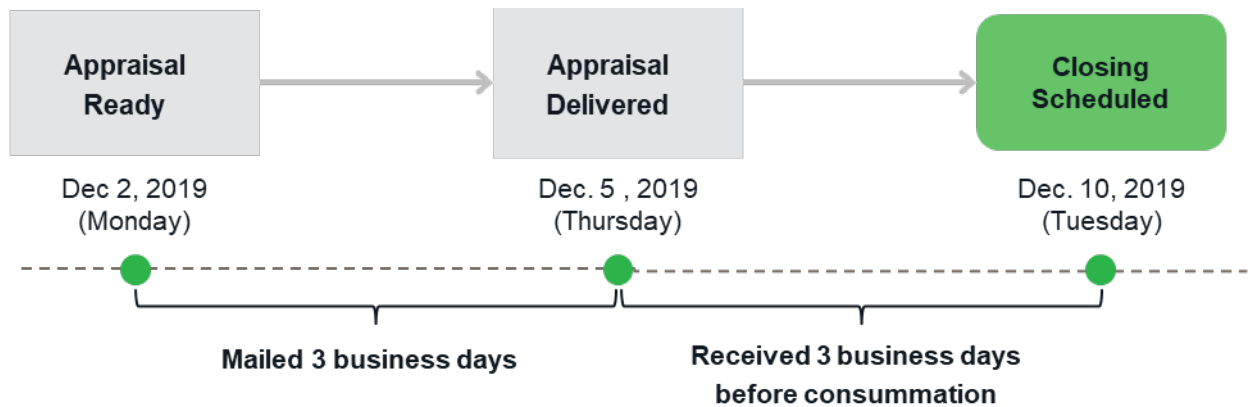
- “Provide” as used in the Rule means to “deliver”. For purposes of the Rule, “delivery” is the earlier of:
 - three business days after mailing or delivering copies of the valuation to the last known address of the applicant, or
 - when evidence indicates actual receipt of copies of the appraisal by the applicant. Comment 14(a)(1)-4.i.
- The “promptly upon completion” standard is fact specific. Comment 14(a)(1)-5 provides non-exhaustive examples of prompt disclosure delivery.
- The Rule does not provide a definition of “business days” for purposes of providing copies of appraisals and other written valuations. For loans covered by the HPML Appraisal Rule, consult the Bureau’s Small Entity Compliance Guide: TILA Higher-Priced Mortgage Loans Appraisal Rule. For other loans, you can apply your own reasonable definition, which may include counting Saturdays – as provided, for example, in the alternative definition in Regulation Z, § 1026.2(a)(6).

The following examples illustrate prompt delivery using three delivery methods. For purposes of these examples only, Saturday is not counted as a business day.²

² As previously noted, entities may apply their reasonable definition of “business day,” which may include counting Saturdays.

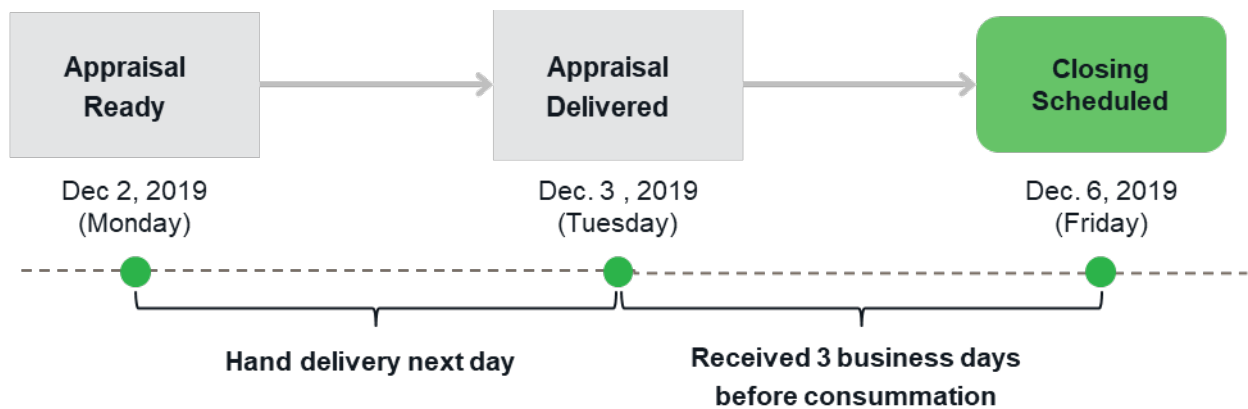
METHOD 1: DELIVERY BY MAIL

If an appraisal is to be delivered by mail, then it must be delivered no later than three business days before consummation of the transaction. 12 CFR § 1002.14(a)(1). For example, assume the appraisal is placed in the mail on Monday, December 2. Absent evidence of actual receipt by the applicant, delivery is deemed to have occurred on Thursday, December 5 (i.e., three business days after mailing the appraisal). As a result, the earliest date that consummation may occur is Tuesday, December 10 (i.e., three business days after delivery).



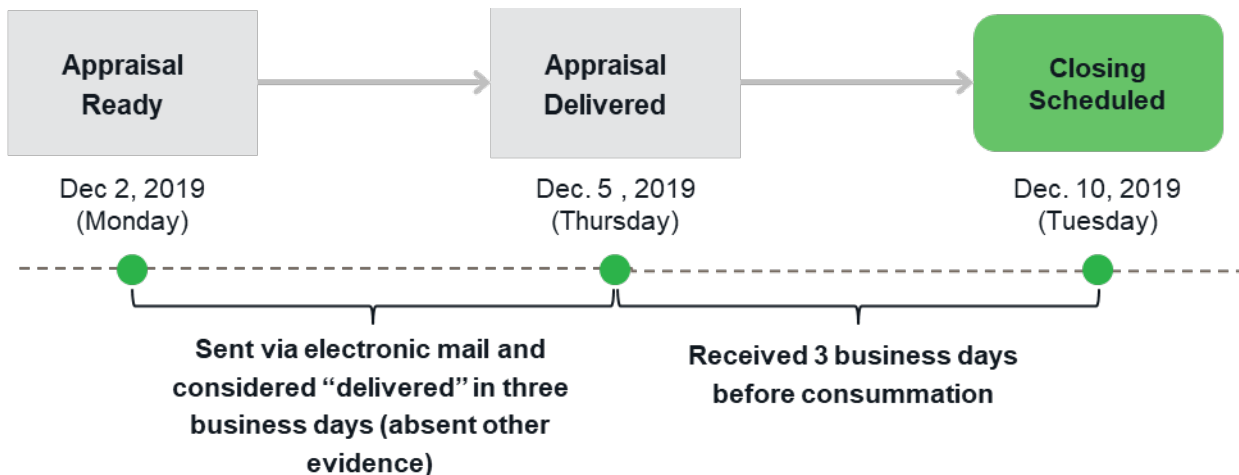
METHOD 2 – DELIVERY BY HAND

If the appraisal is delivered in person on Monday, December 3, with evidence of actual applicant receipt, delivery has occurred. For this example, the earliest consummation date is Friday, December 6.



METHOD 3 – DELIVERY BY EMAIL

Assume the appraisal is emailed on Monday, December 2. If there is no evidence of actual receipt of the electronic delivery, delivery is deemed to have occurred on Thursday, December 5 (i.e., three business days after sending the appraisal via email). The earliest date for consummation is Tuesday, December 10.

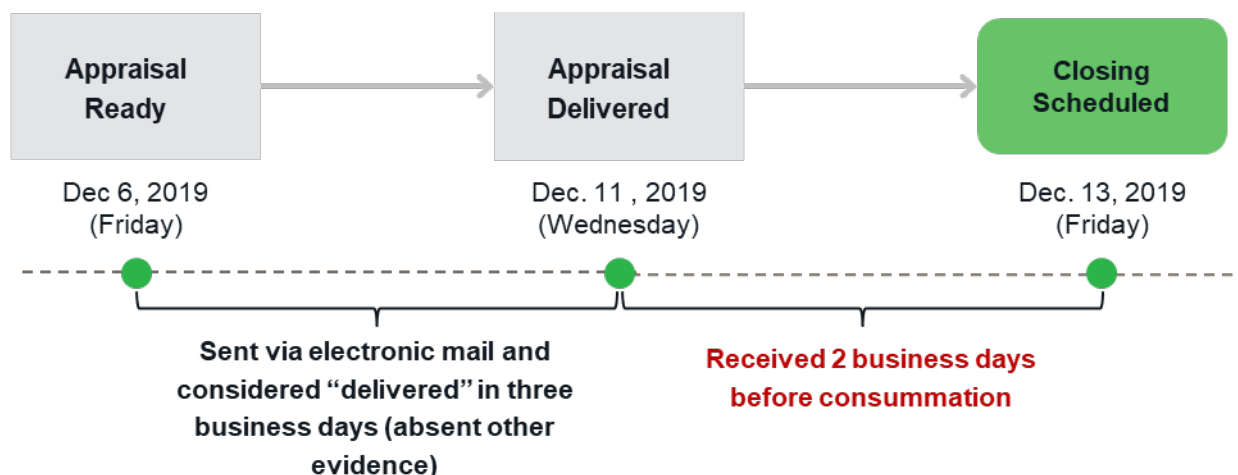


If there is evidence of actual receipt of an appraisal delivered electronically, that is earlier than three business days, that earlier date would be considered as the date of delivery according to comment 14(a)(1)-4.i.

Note that if appraisals are delivered via email, the creditor must comply with the consumer consent and other applicable provisions of the Electronic Signatures in Global and National Commerce Act (E-Sign Act). 12 CFR § 1002.14(a)(5).

DELIVERY THAT IS NOT COMPLIANT

Assume an appraisal is sent via email on Friday, December 6. It is assumed to be delivered, barring other evidence of actual receipt, on Wednesday, December 11 (i.e. three business days after it was sent). If consummation is scheduled for Friday, December 13, 2019, the timing requirements of the Rule would *not* be met because the applicant has fewer than three business days to review the appraisal.



To correct this issue, the creditor would either need actual evidence of receipt three business days prior to the scheduled consummation or reschedule the consummation for Monday, December 16.

Conditions for obtaining a waiver of the delivery timing requirements

An applicant may waive the Rule's timing requirement in two instances:

1. If the applicant provides the creditor an affirmative oral or written waiver statement no later than three business days prior to consummation or account opening.
2. Within three business days of consummation or account opening, when the waiver pertains solely to the applicant's receipt of a copy of an appraisal or other written valuation that contains *only* clerical changes from a previous version.

Specific to the second category, the revisions must have no impact on the estimated value of the property and no impact on the calculation or methodology used to derive the estimate. Also, the

applicant must have received the original appraisal or written valuation three or more business days before consummation or account opening. Comment 14(a)(1)-6.ii.

If a waiver is obtained, the creditor must still provide the applicant copies of all the application-related appraisals (or other written valuation), but it may do so at or before consummation or account opening, except where otherwise prohibited by law. Comment 14(a)(1)-6.